MOU System for improving fiscal position of States

987. SHRI B.J. PANDA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the severe resources crunch faced by some State Governments;

(b) if so, the details thereof;

(c) whether any step is being taken by Government to improve the fiscal position of these States;

(d) whether Memorandum of Understanding (MOU) system has been introduced for this purpose; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) Owing to the impact of the Fifth Pay Commission recommendations, Ways and Means problems of the States got accentuated in 1999-2000. State Governments, who are autonomous under the Constitution, are expected to take measures of their preference from time to time for improving their financial condition. However, as recommended by the National Development Council Sub-Committee, some States have evolved and undertaken their own medium term fiscal reform programme aimed at reduction in revenue deficit. The Government of India has extended medium term assistance during 1999-2000 to those States who have entered into an agreement with Government of India for initiating monitorable fiscal reform programme.